

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1276-03
Bill No.: Perfected HCS for HB 475
Subject: Health Care; Insurance - Medical; Health Care Professionals
Type: Original
Date: March 30, 2011

Bill Summary: Enacts provisions relating to health care data standardization and transparency.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown greater than \$833,334)	(Unknown greater than \$1,000,000)	(Unknown greater than \$1,000,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$833,334)	(Unknown greater than \$1,000,000)	(Unknown greater than \$1,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Road	(Unknown greater than \$83,333)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Other State	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown greater than \$83,333)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on FTE	Unknown	Unknown	Unknown

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agency.

In response to an earlier version of this proposal, officials from the **Office of Secretary of State (SOS)** assumed the fiscal impact for this proposal would be less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state the department will be required to pursue any alleged violations of this proposal by health carriers. The DIFP is unable to project the possible number of violations that may occur or resources that might be needed to conduct these investigations if they occur. The DIFP does not expect a fiscal impact, but if investigations are complex or become numerous, FTE may be requested through the budget process.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

In response to an earlier version of this proposal, officials from the **Missouri Department of Transportation (MoDOT)** stated if MoDOT should fall under this proposed legislation, its Medical Plan would be forced to retain, at its own expense, the services of nationally-recognized independent health care quality standard-setting organizations to review the plan's programs for consumers that measure, report, and tier providers based on their performance. This review should include a comparison to national standards. The report should further give patients information regarding quality and cost efficiency, describe areas of care, among other things. A great deal of information about providers would be released.

This would impact the MoDOT/Missouri State Highway Patrol (MHP) Medical Plan, as it would realistically cost a great deal of money to employ the services of these organizations and then distribute the information. The cost could in turn increase premiums. It would also release

ASSUMPTION (continued)

information about providers. The proposed legislation also seems to say that health carriers would be prohibited from entering into new contracts or amending existing contracts with health care providers that limit the use of medical claims data to payment of claims or otherwise preclude health carriers from responding to the public's need for comparative cost, quality, and efficiency information.

If the MoDOT/MHP Medical Plan should fall under this because of §104.801 RSMo, or because of the expanded definition, a facility that reports a reportable incident cannot charge any entity, including third party payors and patients for all services related to the incident. If the third party payor denies the claim because there is no coverage for services, the facility cannot bill the patient. This will impact the Medical Plan in that patients will not be charged if there is no coverage, and the charge will have to be absorbed at some level.

Also, included in the proposed language is a new section requiring insurer or third-party benefit administrator to provide patients a timely estimated cost and patient cost-sharing obligations for any elective or non-emergent health care service. The estimate may contain a disclaimer stating the actual amount billed or owed may be different from the estimate. This language does not state if the request must name a specific provider, which plays a key factor in pricing based on contracted rates. This will impact the Medical Plan since our network and claims administrator may increase our administrative fees to provide this service.

There would be a financial impact to the Plan. The impact cannot be determined; however, it would be greater than \$100,000. Based on the impact to the Plan; rates may increase, which may impact the Missouri Highway Transportation Commission (MHTC).

In response to an earlier version of this proposal, officials from the **Missouri Consolidated Health Care Plan (MCHCP)** stated current online systems provide cost estimators, but do not include specific estimates for each contracted provider and facility. In addition, current online systems do not provide quality and performance standards as compared to national standards. The MCHCP anticipates increased administrative fees from health carrier vendors to cover the cost of implementing and maintaining the online systems. The MCHCP estimates the cost to be unknown greater than \$2 million for FY 12 and unknown greater than \$1 million annually thereafter.

Oversight is presenting unknown costs for the MCHCP due to the uncertainty of the costs that will be incurred by MCHCP's vendors and passed on to the MCHCP.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state the following:

Section 191.1005 Criteria for Quality Health Care Data

The language of this section states that the definition of "insurers" includes the state of Missouri for purposes of rendering health care services by providers under a medical assistance program of the state. Therefore, this section will have a fiscal impact to the MO HealthNet Division. The MHD will have costs for a contractor to research, collect, compile, evaluate and compare the quality of care data. The cost for the contractor is unknown but greater than \$2 million per year. This estimate is based on information received when creating similar reporting tools. Since this is an administrative expense the federal matching rate is 50%. The first year cost is for 10 months.

Section 191.1008 Validating Criteria for Quality Health Care Data and Violations and
Section 191.1010 Violations by Health Carriers

There will be no fiscal impact due to these provisions.

Total Fiscal Impact:

FY11 (10 months):	Total unknown > \$1,666,667 (unknown > \$833,334 GR);
FY12:	Total unknown > \$2,000,000 (unknown > \$1,000,000 GR);
FY13:	Total unknown > \$2,000,000 (unknown > \$1,000,000 GR).

Officials from the **Department of Health and Senior Services (DHSS)** state section 191.1008.3(1) requires the DHSS to investigate complaints of alleged violations of this section by any person or entity other than a health carrier. If the complaint were against an individual, DHSS would have no authority. These complaints would need to be handled by the Board of Healing Arts or the Board of Nursing. Complaints against an entity could also include types of health care settings that are not currently under the regulatory charge of DHSS such as physician's offices, clinics, etc. The violations referred to in this section do not seem to be clinical or regulatory in nature. Instead, they appear to be concerned more with data disclosure.

Language in section 191.1008.1 requires the reviewing organizations to "identify the measure source or evidence-based science behind the measure and the national consensus, multi-stakeholder or other peer review process, if any, used to confirm the validity of the data and its analysis as an objective indicator of health care quality." The ambiguous language in these restrictions placed on the noninsurers' comparison programs could make investigations of

ASSUMPTION (continued)

alleged violations difficult to verify. Even if the criteria were specified more rigorously, additional professional staff would be needed to conduct the investigations and determine whether the criteria have been met and the noninsurer(s) is compliant with the law.

Though the DHSS has experience with researching and publishing quality of care indicators that are nationally recognized as objective measures of health care quality, it has no experience in regulation other entities that publish consumer-focused data. In addition, imposition of penalties would probably need to be performed by the Office of Attorney General. The DHSS is not able to determine how many complaints would be received that would require investigation; therefore, DHSS is unable to determine the fiscal impact of this bill and assumes the fiscal impact to be unknown.

Oversight notes in the provisions of the proposal, section 191.1008.3 (1) provides the DHSS to impose penalties of up to \$1,000 when a violation of the provisions of the proposal has occurred. **Oversight** assumes minimal penalties will be collected and, therefore, is not presenting penalties in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE FUND			
<u>Costs - MCHCP</u>			
Increase in administrative fees and medical vendor contract costs	(Unknown)	(Unknown)	(Unknown)
<u>Costs - DOS-MHD</u>			
Contract and reporting costs (\$191.1005)	(Unknown greater than \$833,334)	(Unknown greater than \$1,000,000)	(Unknown greater than \$1,000,000)
<u>Costs - DOH</u>			
Investigation costs including FTE, equipment and expense (\$191.1008)	(Unknown)	(Unknown)	(Unknown)
Total <u>Costs</u> - DOH	(Unknown)	(Unknown)	(Unknown)
FTE Change - DOH	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown greater than \$833,334)</u>	<u>(Unknown greater than \$1,00,000)</u>	<u>(Unknown greater than \$1,00,000)</u>
Estimated Net FTE Change for General Revenue Fund	Unknown FTE	Unknown FTE	Unknown FTE
<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
ROAD FUND			
<u>Costs - MoDOT</u>			
Increase in health care plan expenditures	(Unknown greater than \$83,333)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown greater than \$83,333)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
OTHER STATE FUNDS			
<u>Costs - MCHCP</u>			
Increase in administrative fees and medical vendor contract costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	(Unknown)	(Unknown)	(Unknown)
FEDERAL FUNDS			
<u>Income - DOS-MHD</u>			
Increase in program reimbursements	Unknown greater than \$833,333	Unknown greater than \$1,000,000	Unknown greater than \$1,000,000
<u>Costs - DOS-MHD</u>			
Increase in program costs	(Unknown greater than \$833,334)	(Unknown greater than \$1,000,000)	(Unknown greater than \$1,000,000)
<u>Costs - MCHCP</u>			
Increase in administrative fees and medical vendor contract costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	(Unknown)	(Unknown)	(Unknown)
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal could have a direct negative administrative impact small business health care providers.

HWC:LR:OD

FISCAL DESCRIPTION

This proposal changes the laws regarding health care quality data standardization and transparency and establishes criteria for programs of insurers that publicly assess and compare the quality and cost efficiency of health care providers. A health care provider must furnish a patient without health insurance, upon a written request, a timely cost estimate for any elective or non-emergency health care service. The health insurer of a covered individual must furnish, upon a written request, a timely cost estimate and all patient cost-sharing obligations for any elective or non-emergency service. An insurer must retain, at its own expense, the services of a nationally recognized independent health care quality standard-setting organization to review the plan's programs for consumers that measure, report, and tier providers based on its performance. The program measures must provide performance information that reflects consumers' health needs and includes both quality and cost efficiency information. Consumers or consumer organizations, relevant providers, and provider organizations must be solicited to provide input on the program, including methods used to determine performance strata. A clearly defined process must be established for receiving and resolving consumer complaints and for providers to request review of their own performance results. All quality measures must be endorsed by the National Quality Forum (NQF) or other certain specified national organizations when NQF-endorsed measures do not exist for a particular level of measures. Any person who sells or distributes health care quality and cost efficiency data in a comparative format to the public must identify the measure source or evidence-based science used to confirm the validity of the data and its analysis as an objective indicator of health care quality. Articles or research studies that are published in peer-reviewed academic journals which do not receive funding from or are not affiliated with a health care insurer or by state or local governments are exempt from this requirement.

The Department of Health and Senior Services must investigate a complaint of an alleged violation of these provisions by a person or entity other than a health carrier and is authorized to impose a penalty of up to \$1,000. An alleged violation by a health insurer must be investigated by the Department of Insurance, Financial Institutions and Professional Registration.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

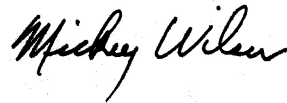
SOURCES OF INFORMATION

Department of Insurance, Financial Institutions, and Professional Registration
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation

HWC:LR:OD

SOURCES OF INFORMATION (continued)

Department of Public Safety -
Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Office of Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 30, 2011